

Message Text

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FOR THE SECRETARY FROM AMBASSADOR

E.O. 11652: GDS

TAGS: PFOR IS EG US

SUBJ: AMOCO DRILLING IN GULF OF SUEZ

REF: (A) STATE 261861, (B) CAIRO 16755

SUMMARY: FAHMY PRESENTED THREE POINT COUNTER PROPOSAL TO PERMIT RESUMPTION OF AMOCO DRILLING IN EASTERN GULF OF SUEZ (PARA 2). HE CONTENDED THAT HIS COUNTER PROPOSAL PROTECTS GOE LEGAL POSITION MORE EFFECTIVELY THAN DO OUR FOUR POINTS AND SHOULD ALLOW DRILLING TO BE RESUMED. I VOICED PERSONAL VIEW THAT HIS COUNTER PROPOSAL LIKELY TO BE UNACCEPTABLE TO ISRAELIS AND REITERATED PRAGMATIC BASIS OF OUR FOUR POINTS, WHICH DO NOT PREJUDICE GOE OR USG LEGAL POSITIONS ON CONTENTIOUS SUEZ GULF ISSUES. FAHMY INSISTED GOE CANNOT ACCEPT PROPOSITION THAT ISRAEL HAS LEGAL CLAIM. HE ARGUED THAT HIS COUNTER PROPOSAL, AND ESPECIALLY OPERATIVE POINT 3, IS SUFFICIENTLY AKIN TO OUR FOUR POINTS THAT IT SHOULD BE AN ACCEPTABLE BASIS FOR RESUMPTION. USG SHOULD PRESS ISRAEL TO DO SO. IF USG CANNOT SETTLE OIL DRILLING MATTER AT A TIME WHEN IT IS PROVIDING ISRAEL WITH FOUR TO SIX BILLION DOLLARS WORTH OF ASSISTANCE, GOE CAN HARDLY HAVE CONFIDENCE THAT MORE DIFFICULT OVER-ALL MIDDLE EAST PEACE SETTLEMENT CAN BE ACHIEVED. SHOULD USG BE UNABLE WORK OUT MODUS OPERANDI ON BASIS EGYPTIAN COUNTER PROPOSAL, GOE CAN EITHER "FREEZE" SITUATION OR USE FORCE AND PROVOKE A QUARREL. I STRONGLY REFUTED HIS

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CONTENTIONS AND URGED THAT HE BE PREPARED TO RECONSIDER

THE MATTER. HE ASKED THAT I SUBMIT HIS COUNTER PROPOSAL TO YOU FOR REACTION. END SUMMARY.

1. FAHMY ASKED ME TO COME BY THIS MORNING. HE GAVE ME A THREE POINT PROPOSAL, DRAFTED BY HIM AND DATED TODAY, AS A COUNTER PROPOSAL TO OUR FOUR POINTS (REF A).

2. TEXT OF HIS COUNTER PROPOSAL FOLLOWS:

QUOTE 1. EGYPT'S SOVEREIGNTY ON ITS TERRITORY, INTERNAL AND TERRITORIAL WATERS, IN ACCORDANCE WITH THE ACCEPTED NORMS OF INTERNATIONAL LAW, IS NOT A SUBJECT OF DISCUSSION.

2. DRILLING BY AN AMERICAN COMPANY OR COMPANIES WHICH HAVE BEEN GRANTED CONCESSIONS BY THE EGYPTIAN GOVERNMENT TO DRILL IN THE GULF OF SUEZ SHOULD PROCEED ACCORDINGLY.

3. THE UNITED STATES GOVERNMENT AS A GARANTOR OF AMERICAN INTERESTS SHOULD SEEK PRACTICAL WAYS AND MEANS IN ORDER NOT TO PERMIT INTERFERENCE BY ANY THIRD PARTY. UNQUOTE

3. AS YOU MIGHT EXPECT, FAHMY ARGUED THAT HIS COUNTER PROPOSAL PROTECTS GOE'S LEGAL POSITION (WHICH HE FELT OUR FOUR POINTS COMPROMISE) AND SHOULD ALLOW AMOCO TO RESUME OPERATIONS AT 304.1 WITHOUT DELAY. ASKED WHAT I THOUGHT OF HIS THREE POINTS, I TOLD HIM I COULD ONLY GIVE MY PERSONAL IMPRESSION. IN ALL CANDOR, I DID NOT SEE HOW HIS COUNTER PROPOSAL WAS LIKELY TO BE ACCEPTABLE TO THE ISRAELIS. I COULD NOT AGREE THAT OUR FOUR POINTS COMPROMISED GOE'S LEGAL POSITION. ON THE CONTRARY, OUR POINT FOUR SPECIFICALLY STATES THAT THE PROPOSED ARRANGEMENTS ARE WITHOUT PREJUDICE TO THE LEGAL POSITION OF ANY OF THE PARTIES. I REITERATED TO HIM FOR THE UMPTEENTH TIME THAT OUR FOUR POINTS WERE DESIGNED TO PROTECT THE LEGAL POSITIONS OF BOTH THE GOE AND USG ON THE MATTER OF THE LEGALITY OF THE ISRAELI-CLAIMED MEDIAN LINE AND THE RIGHT OF AMOCO UNDER INTERNATIONAL LAW TO
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OPERATE IN ITS CONCESSION AREA, BUT ALSO TO FIND A PRACTICAL WAY TO AVOID AN ENDLESS HASSLE OVER LEGALITIES WHICH COULD ONLY DELAY RESUMPTION OF AMOCO'S WORK AT 304.1. FURTHER, THEY REFLECT THE PHYSICAL SITUATION ON THE GROUND, WHICH, WHETHER WE OR THE EGYPTIANS LIKE IT OR NOT, HAS GOT TO BE WEIGHED IN THIS EQUATION. OUR SOLE PURPOSE HAS BEEN TO FURTHER PRESIDENT SADAT'S STATED OBJECTIVE OF GETTING DRILLING RESUMED AT 304.1 IN ORDER TO ENABLE

EGYPT TO REACH ITS ONE MILLION BPD OIL PRODUCTION FIGURE BY 1980.

4. AS I HAD PREVIOUSLY TOLD HIM, THEY DO NOT MEAN THAT FUTURE DRILLING BEYOND 304.1 IS NECESSARILY TO BE DEALT WITH DIRECTLY BETWEEN EGYPT AND ISRAEL OR AS A COMPONENT OF THE PEACE NEGOTIATIONS. WE ARE PREPARED TO ACT AS MIDDLE MAN IN ANY FUTURE DISCUSSIONS OF THE SUBJECT. IN MY PERSONAL JUDGEMENT, GOE'S INTERESTS WOULD EFFECTIVELY BE FURTHERED BY SCRAPPING HIS COUNTER PROPOSAL AND ACCEPTING IN PRINCIPLE OUR FOUR POINTS WITH ANY INTERPRETATIONS HE MIGHT CARE TO PUT ON SPECIFIC POINTS.

5. FAHMY RESPONDED THAT GOE CANNOT ACCEPT THE PROPOSITION THAT ISRAEL HAS A LEGAL CLAIM. HIS COUNTER PROPOSAL WAS DESIGNED TO PROTECT EGYPT'S LEGAL POSITION AND YET ENABLE US TO WORK OUT PRAGMATICALLY A RESUMPTION OF AMOCO DRILLING AT 304.1 AND OTHER LOCATIONS EAST OF THE ISRAELI CLAIMED MEDIAN LINE. IN THIS CONNECTION, FAHMY EMPHASIZED POINT THREE OF HIS COUNTER PROPOSAL, CALLING IT THE "OPERATIVE" PARAGRAPH. HIS POINT THREE, HE CLAIMED, IS NO MORE THAN A REDRAFTING OF OUR POINT TWO AND OUR EXPLANATORY STATEMENTS ON THE LATTER POINT. GOE CANNOT AGREE THAT IT MUST PARTICIPATE IN ASKING ISRAELI PERMISSION TO OPERATE IN EGYPTIAN WATERS IN THE EASTERN GULF OF SUEZ. AS HE UNDERSTOOD IT, OUR LEGAL POSITION ON THE ISSUE IS VERY SIMILAR TO THAT OF EGYPT. IF SO, IT SHOULD BE POSSIBLE FOR USG TO WORK THIS MATTER OUT WITHOUT DELAY.

6. HE THEN DELIVERED HIMSELF OF SOME OBITER DICATA. ISREAL CANNOT HOPE TO REMAIN INDEFINITELY IN THE EASTERN GULF OF SUEZ. ISRAEL WAS "SUPPOSED TO BEHAVE MORE
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PEOERLY AFTER SINAI II." THE USG HAS THE CAPABILITY TO PRESS ISRAELI TO DO SO. FAHMY SCATHINGLY OBSERVED THAT IF WE CANNOT SETTLE THE OIL DRILLING MATTER AT A TIME WHEN USG IS PROVIDING ISRAEL WITH FOUR TO SIX BILLION DOLLARS WORTH OF ASSISTANCE, THEN HOS IS THE GOE SUPPOSED TO HAVE ANY CONFIDENCE THAT WE CAN SETTLE SUCH DIFFICULT MATTERS AS THE OVER-ALL MIDDLE EAST PEACE SETTLEMENT. IF USG REALLY TIRIES, HE CONTENDED, HE COULD NOT BELIEVE THAT IT IS UNABLE TO PROTECT WHAT HE CALLED "AMERICAN INTERESTS" IN THE EASTERN GULF OF SUEZ. IN THAT CASE, GOE HAS OTHER MEANS. IT CAN EITHER "FREEZE" THE SITUATION OR USE FORCE AND PROVOKE A QUARREL.

7. I SAID I COULD NOT ACCEPT HIS EQUATION. WE HAVE INDEED TRIED AND TRIED HARD, AS EVIDENCED BY YOUR

PERTINENT TALKS WITH ALLON. AS I SAW IT, GOE HAS THREE OPTIONS: FIRST, ACCEPTING OUR FOUR POINTS AS A BASIS FOR RESUMPTION OF DRILLING OPERATIONS; SECOND, AS HE HAD PUT IT, SIMPLY TO "FREEZE" THE SITUATION, IN WHICH CASE RESUMPTION OF AMERICAN DRILLING OPERATIONS EAST OF THE ISRAELI-CLAIMED MEDIAN LINE IS FOR ALL PRACTICAL PURPOSES INDEFINITELY DELAYED; THIRD, SEEKING TO FORCE THE ISSUE, AS HE HAD SUGGESTED. AS A FRIEND, HOWEVER, I THOUGHT WE OUGHT NOT TO KID OURSELVES. ANY EFFORT TO TRY TO FORCE THE ISSUE WILL NOT SUCCEED. AS HE AND I BOTH KNOW, EGYPT DOES NOT HAVE THE NAVAL CAPABILITY TO DO SO, AND ANY SHOOTING MATCH IN THE EASTERN GULF OF SUEZ WILL QUICKLY MEAN THAT FOREIGN OIL COMPANIES WHO WANT TO OPERATE THERE WILL PULL OUT UNTIL THE ISSUE IS RESOLVED. THEY CANNOT BE EXPECTED TO JEOPARDIZE THEIR EQUIPMENT AND PERSONNEL IN THE MIDDLE OF A SHOOTING MATCH. IF GOE WISHES, IT CAN, OF COURSE, "FREEZE" THE SITUATION. IF, HOWEVER, GOE REALLY MEANS WHAT IT SAYS ABOUT WANTING TO REACH A ONE MILLION BPD PRODUCTION FIGURE BY 1980, ANY "FREEZING" TACTIC IS SELF-DEFEATING. I WOULD, OF COURSE, SUBMIT HIS COUNTER PROPOSAL, BUT I HAD TO TELL HIM AGAIN THAT I DID NOT THINK IN ITS PRESENT FORM IT WOULD BE ACCEPTABLE TO THE ISRAELIS. ALL THINGS CONSIDERED, THE ONLY PRACTICAL WAY TO PROCEED EXPEDITIOUSLY IS ON THE BASIS OF OUR FOUR POINTS, AND I HOPED HE WOULD BE PREPARED TO RECONSIDER

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THE MATTER.

8. FAHMY STUCK BY HIS GUNS AND ASKED THAT I SUBMIT HIS COUNTER PROPOSAL FOR YOUR REACTION.

9. IF YOU THINK IT USEFUL, YOU MAY WISH TO PASS THIS MESSAGE TO AMBASSY TEL AVIV.

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